

PROVINCE OF
PRINCE EDWARD ISLAND

**THIRTY-FOURTH
ANNUAL REPORT**

FOR THE YEAR ENDED MARCH 31ST

1982

**LIQUOR
CONTROL COMMISSION**



The Honourable George McMahon, Q.C.
Minister,
Department of Justice and Attorney-General,
Province of Prince Edward Island,
Charlottetown, P.E.I.

Sir:

I have the honor to submit the thirty-fourth Annual Report of the Prince Edward Island Liquor Control Commission covering the fiscal year April 1, 1981 to March 31, 1982.

Respectfully submitted,
A. B. WOOD,
Chairman



GENERAL REMARKS

During the fiscal year, the Commission commenced operating an Inspection Office in the Town of Summerside. This new Inspection Office was opened on January 4, 1982, and is intended, primarily, to serve Prince County.

On June 26, 1981, the Commission opened a new single-storey masonry exterior, with brick veneer, self-service retail facility, approximating 4456 sq. ft. This new facility, located in North Rustico, will vastly improve service in the North Shore area.

On October 5, 1981, a new single-storey pre-fabricated facility, approximating 1446 sq. ft., was opened in Kensington.

While providing a much sought after service for local clientele, these facilities will, similarly, greatly assist in dealing with the heavy influx of tourists for the North Shore and general adjacent areas.

During the fiscal year, in addition to the operation of a Licensee Distribution Centre, the Commission operated 13 retail facilities of which eleven (11) are self-service in design and two (2) conventional.

During the fiscal year, the Inspection Department has continued to monitor, very closely, all Island licensed premises with the intent of acquiring total adherence to the Liquor Control Act and Regulations, as well as providing consultation and assistance to the operators.

The Inspection Department will continue the present format and high level of licensed premises surveillance, and similarly continue to make available to all licensed premises, consultation and expertise found within the Inspection Department. There were twenty-one new licenses issued during this fiscal year while eight licenses were voluntarily surrendered.

The financial statement for 1981-82 fiscal year, ending March 31, 1982, shows sales of thirty-five million, seventy-two thousand, five hundred and seven dollars. Net profit for the year plus health and sales tax totalled fifteen million, eight hundred and seventy-four thousand three hundred and six dollars.

Cost of goods sold and administrative expenses were nineteen million, three hundred and seventy-three thousand, nine hundred and eighty-two dollars.

The Commission is most appreciative for the expertise and co-operation extended this Department by other associated Departments of Government, R.C.M.P., all law enforcement authorities in the Province and also for the loyal and effective service given by our employees.

APPENDIX "A"

Contains a statement of business transacted for the year.

APPENDIX "B"

Contains a summary of the number of liquor licenses in effect as of March 31st, 1982, with a comparison of those in effect in 1981.

APPENDIX "C"

Contains a comparative statement of total sales, Health Tax paid, Sales Tax paid, gross profit and net profit for the years 1960 to 1982 inclusive.

APPENDIX "D"

Contains a copy of Provincial Auditors Report with accompanying Financial Statements and notes to the Financial Statements.

APPENDIX "A"

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

ANALYSIS OF SALES BY RETAIL STORES

(For the year ended March 31, 1982)

NET SALES

	Year Ended March 31, 1982	Year Ended March 31, 1981	Increase or (Decrease)
TIGNISH	898,741.26	945,640.33	(46,899.07)
O'LEARY	680,607.76	658,404.08	22,203.68
ALBERTON	863,169.75	829,117.97	34,051.78
SUMMERSIDE	2,059,696.41	2,027,432.95	32,263.46
SHERBROOKE	3,093,804.53	3,318,915.03	(225,110.50)
BORDEN	808,877.42	858,844.49	(49,967.07)
KENSINGTON	290,963.55	—	290,963.55
NORTH RUSTICO	1,039,196.16	956,203.10	82,993.06
TOWERS	3,096,948.14	3,419,434.87	(322,486.73)
ROYALTY MALL	4,605,434.41	4,899,014.87	(293,580.46)
CHARLOTTETOWN	2,510,283.14	2,683,455.25	(173,172.11)
SOURIS	1,329,890.61	1,335,478.64	(5,588.03)
CARDIGAN	2,584,383.36	2,445,245.96	139,137.40
LICENSEE DISTRIBUTION			
CENTRE	2,610,007.94	781,478.37	1,828,529.57
WAREHOUSE	39,639.05	46,460.01	(6,820.96)
	<u>\$26,511,643.49</u>	<u>\$25,205,125.92</u>	<u>\$ 1,306,517.57</u>

APPENDIX "B"

LICENSES IN EFFECT AS OF MARCH 31, 1982 AND COMPARISON WITH 1981

	1982	1981
1. MILITARY CANTEEN LICENSES	24	24
2. CLUBS	72	69

CLUB LICENSES WERE GRANTED TO:

Cornwall Curling Club
Centre J. Henri Blanchard
Hebrides Homeowner's Association

3. DINING ROOMS AND LOUNGES:

A. Dining Rooms	90	78
B. Lounges	45	44

DINING ROOM LICENSES WERE GRANTED TO:

Victoria Village Inn
Hidden Harbour
Rustico Resort Ltd.
Terrace Heights
Cheverie Inn
Westerner Motel
Seatreat Dining Room
Cedars Food Ltd.
Carriage House
The Senator's House
Rivendell Ltd.
Bernies Diner
Captain Scotts Fish & Chips
Town & Country Restaurant
Cafe Europa
Hanks Bar B-Q Chicken & Ribs
Brother's Two Marco Polo Land

	1982	1981
LOUNGE LICENSES WERE GRANTED TO:		
Hidden Harbour		
Cheverie Inn		
Carriage House		
Brother's Two Marco Polo Land		
LICENSES VOLUNTARILY SURRENDERED:		
Dining Rooms	5	
J & R Sea Breeze		
Borden Hotel		
Harbour Lights		
Forest Hill		
Lord Rollo		
Lounges	3	
Harbour Light		
Pines Motel		
Runway Ltd.		
4. SUMMARY:		
Clubs	72	69
Military Canteens	24	24
Dining Rooms	95	78
Lounges	45	44
TOTAL	236	215

APPENDIX "C"

COMPARATIVE STATEMENT

	Gross Sales	Health Tax	Sales Tax	Gross Profit	Net Profit
1960	3,953,179	359,432		1,352,296	1,226,780
1961	4,446,410	391,854	136,015	1,440,496	1,338,461
1962	4,837,640	422,194	193,506	1,559,338	1,423,083
1963	4,998,654	436,246	199,946	1,586,532	1,439,837
1964	5,381,463	465,079	265,593	1,679,073	1,524,410
1965	5,975,134	516,034	298,757	1,925,402	1,730,387
1966	6,570,884	567,485	328,544	2,111,001	1,855,305
1967	7,273,136	628,136	363,659	2,330,301	2,025,426
1968	8,190,658	707,375	409,533	2,703,928	2,332,440
1969	9,038,301	780,581	451,915	3,000,284	2,606,209
1970	9,738,638	825,960	653,127	3,239,826	2,806,100
1971	10,639,885	899,554	744,792	3,554,861	3,056,251
1972	11,912,815	995,573	952,287	4,030,737	3,471,592
1973	13,614,618	1,137,732	1,088,265	4,701,365	3,981,712
1974	15,682,662	1,311,641	1,254,613	5,439,661	4,474,827
1975	17,977,409	1,503,565	1,438,193	6,138,729	4,985,202
1976	21,371,136	1,787,404	1,709,691	7,240,505	5,767,823
1977	21,620,540	1,843,287	1,344,387	7,466,755	5,793,464
1978	24,287,799	2,005,822	1,500,260	8,366,564	6,482,257
1979	25,258,836	2,156,123	1,541,483	8,716,321	6,688,570
1980	27,602,661	2,354,594	1,702,124	9,783,207	7,506,780
1981	29,922,380	2,662,073	2,055,181	10,358,624	7,819,513
1982	35,072,507	6,120,627	2,440,237	10,452,764	7,313,442

** NOTE: PROVINCIAL HEALTH TAX INCREASED FROM 10 - 25% MARCH 13/81

APPENDIX "D"

AUDITOR'S REPORT

To The Lieutenant-Governor-In-Council
Of The Province of Prince Edward Island

I have examined the balance sheet of the Prince Edward Island Liquor Control Commission as at March 31, 1982 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

T. KAPTEIN, C.A.

Auditor General

Charlottetown, Prince Edward Island

May 28, 1982

APPENDIX "D" (Continued)

STATEMENT 1

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

BALANCE SHEET

MARCH 31, 1982

(with comparative figures at March 31, 1981)

ASSETS

CURRENT ASSETS

	1982	1981
Cash	\$ 113,238	\$ 147,439
Accounts receivable	22,038	6,791
Inventories — Note 1 (b)	2,250,384	2,201,456
Prepaid expenses	22,251	51,169
	<u>2,407,911</u>	<u>2,406,855</u>

FIXED ASSETS

Land — cost		103,979		84,794
Buildings — cost	2,689,381		2,436,830	
Less: Accumulated Depreciation — Note 1 (a)	<u>782,242</u>	<u>1,907,139</u>	<u>651,870</u>	<u>1,784,960</u>
Equipment — cost	386,222		325,234	
Less: Accumulated Depreciation — Note 1 (a)	<u>260,400</u>	<u>125,822</u>	<u>218,122</u>	<u>107,112</u>
Leasehold Improvements — cost	259,924		240,860	
Less: Accumulated Amortization — Note 1 (a)	<u>154,311</u>	<u>105,613</u>	<u>120,993</u>	<u>119,867</u>
		<u>2,242,553</u>		<u>2,096,733</u>
		<u>\$ 4,650,464</u>		<u>\$ 4,503,588</u>

APPENDIX "D" (Continued)

STATEMENT 1 (Continued)

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

BALANCE SHEET

MARCH 31, 1982

(with comparative figures at March 31, 1981)

LIABILITIES

CURRENT LIABILITIES

	1982	1981
Trade Accounts Payable	469,373	528,772
Accounts payable — other	154,034	186,557
Accrued salaries and employees benefits	61,443	39,798
Accrued interest payable	54,208	23,666
Deferred revenue	7,261	21,576
Debentures payable — Province of P.E.I. — current portion — Note 3	46,032	23,336
Due to the Minister of Finance — Note 1 (c)	1,661,592	1,653,508
	<u>2,453,943</u>	<u>2,477,203</u>

LONG-TERM LIABILITIES

Due to the Minister of Finance in respect of net fixed assets — Note 1 (c)	1,421,340	1,512,117
Debentures payable — Province of P.E.I. — Note 3	821,213	419,425
Less: Current portion	<u>46,032</u>	<u>23,336</u>
Notes payable — Province of P.E.I.	—	118,179
	<u>2,196,521</u>	<u>2,026,385</u>
	<u>\$ 4,650,464</u>	<u>\$ 4,503,588</u>

(Notes 1 to 4 are an integral part of these financial statements)

ON BEHALF OF THE COMMISSION:

COMMISSIONER: A. B. WOOD
COMMISSIONER: WYLIE BARRETT

APPENDIX "D" (Continued)

STATEMENT 2

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF INCOME

YEAR ENDED MARCH 31, 1982

(With comparative figures for the year ended March 31, 1981)

	1982		1981	
SALES		\$35,072,507		\$29,922,380
Less: Provincial Health Tax	6,120,627		2,662,073	
Provincial Sales Tax	2,440,237	8,560,864	2,055,181	4,717,254
NET SALES		26,511,643		25,205,126
COST OF GOODS SOLD				
Beginning inventory	2,201,457		2,329,246	
Purchases	16,107,806		14,718,713	
	18,309,263		17,047,959	
Ending inventory	2,250,384	16,058,879	2,201,457	14,846,502
GROSS INCOME		10,452,764		10,358,624
EXPENSES				
Salaries and employee benefits	2,198,049		1,852,792	
Rent — Note 2	166,485		172,589	
Depreciation	223,745		154,363	
Heat, light and power	195,653		162,428	
Repairs and maintenance	91,985		65,781	
Store supplies and office expense	125,398		84,009	
Insurance and taxes	76,483		67,783	
Travel	59,993		46,419	
Interest on long term debt	84,790		21,845	
Telephone and telegraph	22,202		17,801	
Delivery	11,724		8,848	
Professional services	40,272		23,142	
Miscellaneous — Note 4	18,324	3,315,103	19,518	2,697,318
		7,137,661		7,661,306
OTHER INCOME		175,781		158,207
NET INCOME — NOTE 1 (c)		\$ 7,313,442		\$ 7,819,513

(Notes 1 to 4 are an integral part of these financial statements)

APPENDIX "D" (Continued)

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1982

1. Summary of significant accounting policies

(a) Depreciation and Amortization —

Depreciation of buildings, furniture and equipment and amortization of leasehold improvements are calculated on a straight-line basis. This basis represents the estimated useful life of the buildings, furniture and equipment, and the terms of the leases.

(b) Inventories —

Inventories are valued at cost on a first-in, first-out basis.

(c) Net Income —

All net income of the Commission accrues directly to the Province. Transfers of net income are made to the Consolidated Fund on a continuing basis as excess cash becomes available. Any funds received from operations which are used to finance net additions to fixed assets are withheld by the Commission and treated as long term loans from the Province.

2. As of March 31, 1982 the Prince Edward Island Liquor Control Commission leases 5 retail outlets. Four of these retail outlets have written lease agreements and the maturity dates for these leases are between 1986 and 1994. The written leases have a total basic yearly rent of approximately \$90,000.

3. Debentures Payable

	<u>Balance</u> <u>March 31, 1982</u>	<u>Less</u> <u>Current</u> <u>Portion</u>	<u>Long Term</u> <u>Liability</u>
<u>Licensee Distribution Centre</u>			
Repayable in equal annual installments of \$75,764 including interest at 12.5% per annum, maturing November 1, 1990	\$396,089	\$ 26,253	\$369,836
<u>North Rustico</u>			
Repayable in equal annual installments of \$64,295 including interest at 15.5% per annum, maturing September 1, 1991	316,606	15,221	301,385
<u>Kensington</u>			
Repayable in equal annual installments of \$24,363 including interest at 18% per annum, maturing January 1, 1992	108,518	4,558	103,960
	<u>\$821,213</u>	<u>\$ 46,032</u>	<u>\$775,181</u>

4. The 1981 figures for the following accounts have been combined into one miscellaneous account to conform with revised classifications in the current year — loss due to robbery, shortage self-serve stores, interest and bank charges, loss on damage claims and other.

